

**SNYDERVILLE BASIN
SPECIAL RECREATION DISTRICT,
A COMPONENT UNIT OF
SUMMIT COUNTY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED DECEMBER 31, 2005**

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

May 9, 2005

Board of Directors
Snyderville Basin
Special Recreation District

I have audited the accompanying financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District at December 31, 2005 and the respective changes in financial position, where applicable, of those activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated May 9, 2005 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.


Greg Ogden,
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Snyderville Basin Special Recreation District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The total net assets of the District increased from \$10,179,679 to \$10,811,625, an increase of \$631,946 (6.2%).
- Total net assets, of \$10,811,625 consist of \$5,145,585 in capital assets net of related debt, \$1,685,913 in net assets restricted for capital improvements, \$1,275,943 in net assets restricted for debt service, and \$2,704,184 in unrestricted net assets.
- Total long-term liabilities of the District decreased from \$15,348,877 to \$14,690,766, a decrease of \$658,111 (4.3%) due to pay down of debt service and no additional bonds being issued in 2005.
- All District funds are governmental and are categorized into four major funds as follows:
 - General Fund – The General Fund is the primary operating fund of the District. The General Fund balance increased from \$1,529,314 to \$1,936,081, an increase of \$406,767 (26.6%).
 - Debt Service Fund – The Debt Service Fund's purpose is to repay principal and interest on the District's General Obligation Bonds. The Debt Service Fund balance increased from \$1,068,374 to \$1,414,725, an increase of \$346,351 (32.4%).
 - Impact Fee Fund – The Impact Fee Fund's purpose is to pay for community park system improvements, with impact fees, based on the District's Capital Facilities Plan. The Impact Fee Fund balance increased from \$665,318 to \$1,004,692, an increase of \$339,374 (51.0%). This balance reflects the substantial completion of Willow Creek Park construction in 2005. Construction of an outside field adjacent to the Fieldhouse also contributed to the draw down of impact fee funds. Impact fee collections have begun to accumulate again in the Impact Fee Fund for future projects now that Willow Creek Park is substantially complete.
 - Capital Fund – The Capital Fund primarily holds funds for spend down following the sale of General Obligation bonds, in addition to grants received, and capital contributions rolled over from the District operations budget to fund capital projects approved by the Board. The Capital Fund balance decreased from \$2,588,192 to \$681,221, a decrease of \$1,906,971 (73.7%). This draw down reflects the District's \$2,000,000 contribution of funds to Park City Municipal Corporation. These funds were used toward the February 2006 completion of the Park City Ice Arena.

REPORTING THE DISTRICT AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the District's basic financial statement. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

- *The statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, readers will also need to consider other non-financial factors.
- *The statement of activities* presents information showing how the District's net assets changed during the calendar year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the District funds are classified as Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the resulting balances left at year-end are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation included with the fund financial statements.

The four major governmental funds of the District (as determined by generally accepted accounting principles) are as follows:

- General Fund – The purpose of this fund is to account for all financial resources except those required to be accounted for in another fund (described below). General fund monies are primarily used for the operations and maintenance of District facilities, programs, and administration.

- Capital Projects Fund – The objective of this fund is to account for the financial resources to be used for the acquisition or construction of major capital facilities as authorized by the voters. This fund also accounts for grants received for the purpose of specific capital projects. Excess funds accumulated through the operational tax levy may be earmarked for capital projects as approved by the District Board.
- Impact Fees Fund – The District imposes impact fees for the development of community park system improvements. (See subsequent events section for a review of changes to the Impact Fee program.) The Impact Fees Act requires the District to separately account for the receipts and disbursement of these fees. Impact fee expenditures may only be used for authorized facilities identified in the capital facilities plan.
- Debt Service Fund – The purpose of this account is to track the accumulation of resources for, and the payment of, general long-term debt principal and interest.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$10,811,625.

The four major components of the District's net assets include:

- Investment in Capital Assets, net of related debt (47.6%) reflects the investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment).
- Restricted for Debt Service (11.8%). Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, such as property tax collections and interest income, since the capital assets themselves cannot be used to liquidate these liabilities.
- Restricted for Capital (15.6%) Replacement reserve funds, funds allocated by the District Board as a part of the annual budget adoption process earmarking funds for specific capital project.
- Unrestricted Assets (25.0%) reflect those funds available for uses other than those that have been previously invested in capital assets or are otherwise restricted for debt service and capital improvements.

STATEMENT OF NET ASSETS

	Governmental Activities	
	Dec. 31, 2005	Dec. 31, 2004
Current Assets	\$ 2,277,385	\$ 2,043,351
Noncurrent Assets	23,267,441	23,554,223
Total Assets	25,544,826	25,597,574
Current Liabilities	42,435	69,018
Noncurrent Liabilities	14,690,766	15,348,877
Total Liabilities	14,733,201	15,417,895
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,145,585	6,480,397
Restricted for:		
Capital Improvements	1,685,913	
Debt Service	1,275,943	1,218,826
Unrestricted	2,704,184	2,480,456
Total Net Assets	\$ 10,811,625	\$ 10,179,679

CHANGES IN NET ASSETS

	Governmental Activities	
	Dec. 31, 2005	Dec. 31, 2004
Revenues		
Program Revenues:		
Charges for Services	\$ 592,767	\$ 429,129
Operating Grants and Contributions	30,000	25,000
Capital Grants and Contributions	1,299,575	374,046
General Revenues:		
Property Taxes	3,402,736	3,108,455
Vehicle Taxes	192,356	176,677
Unrestricted Investment Earnings	129,582	100,328
Miscellaneous	9,219	5,589
Total Revenues	<u>5,656,235</u>	<u>4,219,224</u>
Expenses		
Administration	753,613	664,169
Parks	450,350	310,727
Trails	254,209	245,048
Recreation	2,903,551	785,021
Interest on Long-Term Debt	662,172	563,927
Total Expenses	<u>5,023,895</u>	<u>2,568,892</u>
Change in Net Assets	632,340	1,650,332
Prior Period Adjustment	(394)	(133,450)
Net Assets Beginning	10,179,679	8,662,797
Net Assets Ending	<u>\$ 10,811,625</u>	<u>\$ 10,179,679</u>

In the above Program Revenues, the District was the recipient of a restaurant tax grant in the amount of \$55,000 to be used toward construction of the East 224 Connector Trail. Impact fees collection in 2005 totaled \$884,715. These fees comprise capital funds for park improvements identified in the District's Capital Facilities Plan. Charges for services include park field and facility rentals in the amount of \$9,092 and recreation program fees in the amount of \$582,115. Summit County contributes \$30,000 annually to each of the recreation regions in the County, including the Snyderville Basin, North Summit and South Summit recreation programs. A \$359,860 non-cash accounting entry was booked to reflect the difference between the purchase price of \$90,140 and the appraised value of \$450,000 for the Rasmussen Real Estate Purchase Option exercised in 2005.

In the General Revenues, above, the District is funded primarily through property tax collections, vehicle taxes (fee in lieu), interest income through funds held at the State Treasurer's Pool, and miscellaneous reimbursements to the District.

The above Expenses are comprised of the District's four major departments with an additional category for interest on long-term debt.

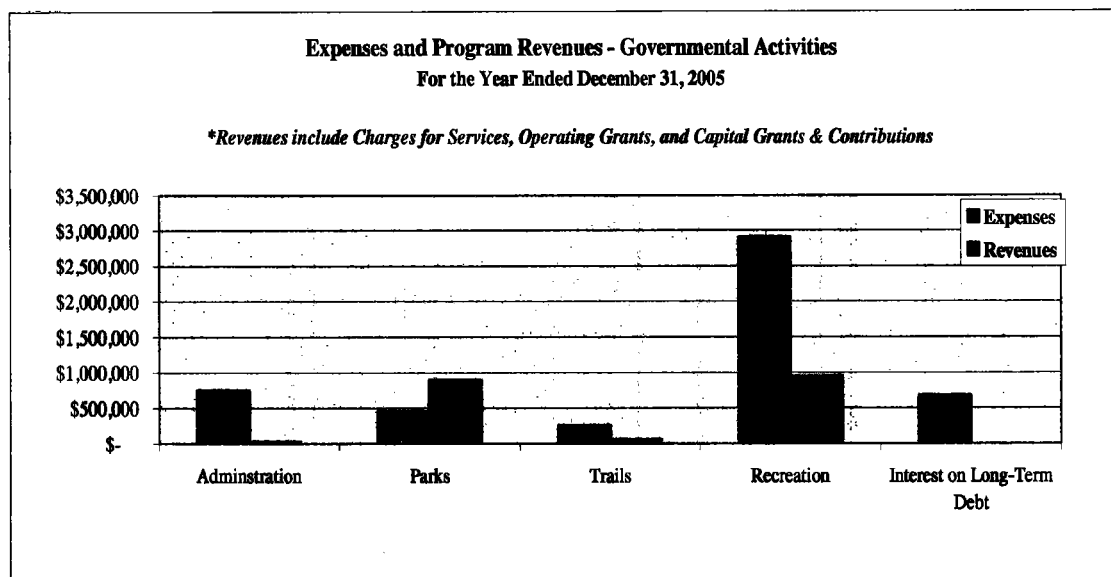
The Administration Department primarily holds expenditures for department head personnel, administrative support staff, all District employee benefits and other administrative overhead including such expenses as utilities, legal and other professional consulting fees, public relation/promotions, office supplies and office equipment.

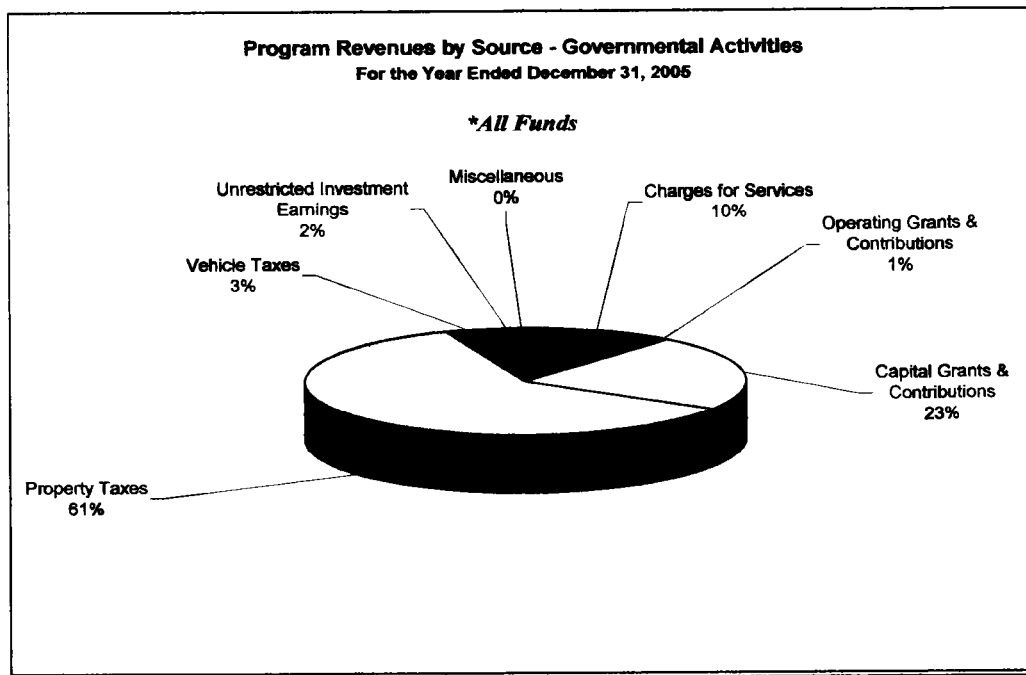
The Parks Department contains expenses that include year round hourly and seasonal wages for parks' crew, utilities for park operations, vehicle and equipment expense, fertilizers, chemicals and other departmental supplies.

The Trails Department holds expenses which include year round hourly and seasonal wages for trails' crew, professional and technical consultant fees (for design and engineering services and wetlands delineations), trail maintenance supplies such as weed management and other items for tread repair, and contract services.

The Recreation Department expenses reflect year-round full, part-time, and seasonal hourly wages, all Fieldhouse overhead expenditures, and supplies and uniforms for District-run sports programs and camps. In 2005, cost recovery for Recreation programs was 20.0%. The District recognizes that these youth sports programs are a subsidized governmental function.

The final expense category, Interest on Long-term Debt, reflects interest payments on General Obligation bonds issued by the District in 1996, 1997, 2002 and 2004.

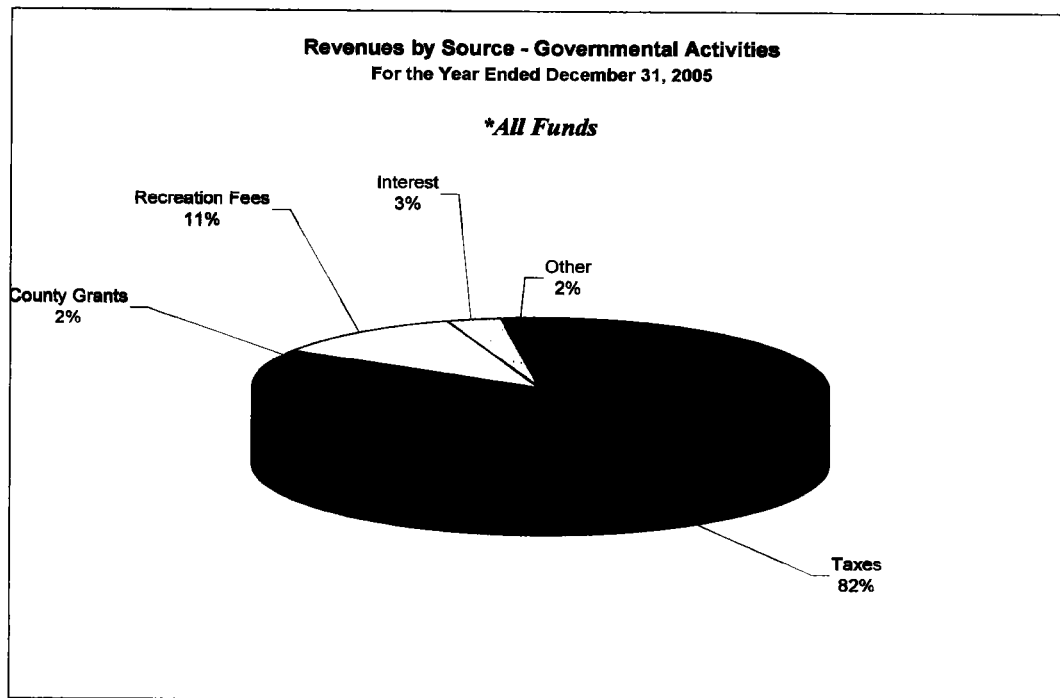




FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As of December 31, 2005, the District's governmental funds (General, Capital Projects, Debt Service and Impact Fees) reported combined fund equity of \$5,036,719. This represents a decrease of \$814,479 from the last year's ending balances due to capital construction projects.

The General Fund is the chief operating fund of the District. All activities which are not required to be accounted for in separate funds either by state or local ordinance (such as the impact fee fund and the debt service fund) or capital funds designated for use by voter approved recreation bonds, are accounted for in this fund.



Taxes, including property taxes and vehicle taxes, continue to be the largest source of revenue in the governmental funds and represent 81.8% of total governmental fund revenues. The largest element of taxes since the District's inception has been property taxes including current year and prior year collections (redemption). The remaining sources of revenue in the governmental funds are county grants, recreation fees, interest income and other (rental and miscellaneous) revenues. These combined non-tax revenues result in the remaining 18.2% of total governmental fund revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Recreation fees escalated in 2005 due to the first full year of operation of the Fieldhouse, which opened in June 2004. Fieldhouse operating revenues totaled \$368,125 for 2005.

At year-end 2005, \$500,000 was transferred from O&M to the capital portion of the general fund. This transfer was initiated to fund trails projects and other capital related expenditures planned in 2006.

During the calendar year 2005, the general fund adopted budget was amended from an original budget expenditure of \$2,250,012 to a final budget of \$2,143,062. All departments were consulted and directed to limit spending wherever possible in order to re-establish the fund balance that was drawn down to support Fieldhouse construction completion in 2004. Reductions of expenditures were achieved through time phasing of expenditures and non-timing related cost savings such as payroll and benefit management. The 2005 operations budget was amended to reflect a reduction of \$106,950 in expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

- Capital assets – The District's 2005 investment in capital assets amounts to \$20,305,585 (net of accumulated depreciation). The investment in capital assets includes land acquisition, buildings, trail and trailhead infrastructure improvements, park improvements, vehicles and equipment, etc.

Major capital asset events during the current capital year included the following:

- Completion in 2005 of the Rasmussen Real Estate Purchase Option Agreement initiated in 2004. This agreement resulted in an expenditure of \$90,140 to obtain 70 additional contiguous acres for recreational open space. During 2005, \$1,007 was paid to Summit County for associated property taxes related to the 2004-5 Rasmussen land acquisitions.
- A \$359,860 non-cash accounting entry was booked to reflect the difference between the purchase price of \$90,140 and the appraised value of \$450,000 for the Rasmussen Real Estate Purchase Option exercised in 2005.
- Completion of exterior site improvements at the Basin Recreation Fieldhouse to provide an outdoor play field. This project resulted in an \$8,197 expenditure of impact fees during 2005.
- Substantial completion of improvements at Willow Creek Park amounting to \$564,279 in 2005. The grand opening of the park is planned to occur in May 2006. Some lagging expenditures are anticipated to occur in 2006.
- Completion of several Community trail segments, including Mid-Mountain trail connections, and the East 224 connector trail. The District also contributed \$75,000 of trails development funds to Summit County for the Highland Drive extension in order to incorporate a non-motorized transportation trail into this public works road project. In 2004-5 the District implemented a more accurate measurement methodology in accounting for District-owned trails inventory (to the exclusion of County road right of way assets), by utilizing Global Information System (GIS) technology.
- Receipt and expenditure of \$55,000 of restaurant tax grant funds earmarked for the East 224 connector trail.
- Acquisition of Trails Department equipment (RC30 trails machine \$30,813).
- A wire transfer of \$2,000,000 from SBSRD to Park City Municipal Corporation for the District's contribution toward the Park City Ice Arena in March, 2005 as provided for in an interlocal agreement between the District and Park City Municipal Corporation.

DISTRICT CAPITAL ASSETS		
	<u>Dec. 31, 2005</u>	<u>Dec. 31, 2004</u>
Land	\$ 6,907,955	\$ 6,466,948
Buildings	7,186,669	7,187,386
Parks	4,139,910	3,567,434
Trails	3,603,890	3,278,347
Vehicles and Equipment	434,518	403,705
Subtotal	22,272,942	20,903,820
Less: Accumulated Depreciation	(1,967,357)	(1,431,873)
Capital Assets (Net of Depreciation)	<u>\$ 20,305,585</u>	<u>\$ 19,471,947</u>

Additional information on the District's capital assets may be found in the footnotes to this financial report.

- Long-term Debt – At year-end December 31, 2005, the District had total bonded debt outstanding of \$15,160,000. The full amount of this debt is general obligation debt and is backed by the full faith and credit of the District. These general obligation bonds were issued for specified capital projects. The District's debt fund, which is serviced by ad valorem taxes to be levied without limitation as to rate or amount on all taxable property in the District, will provide all funding for the bonds' principal and interest repayment. The general obligation debt outstanding is reduced by two deferred amounts. The first is deferred bond issue costs of \$101,953. The second is the deferred amount on refunding of \$408,662. Thus, the net general obligation debt outstanding was \$14,649,385. In addition to the general obligation debt, the District has long-term debt, in the form of compensated absences, in the amount of \$41,381. The combination of bonded debt outstanding and compensated absences results in \$14,690,766 of total long-term debt at year-end.

DISTRICT LONG-TERM DEBT		
	<u>Governmental Activities</u>	
	<u>Dec. 31, 2005</u>	<u>Dec. 31, 2004</u>
Net General Obligation Bonds	\$ 14,649,385	\$ 15,316,532
Compensated Absence	41,381	32,345
Total Long-term Debt	<u>\$ 14,690,766</u>	<u>\$ 15,348,877</u>

Additional information on the outstanding debt obligations of the District may be found in the footnotes to this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Land values in the Snyderville Basin have seen dramatic increases in 2005, and permit-authorized construction remains very strong. Assessed values saw steady gains of 3-4% through July 2005. In August, the Summit County Assessors Office reported enormously augmented prices with many properties doubling in value. Properties in Bear Hollow and Redstone that were selling for \$225,000 jumped to \$580,000. High-end residential real estate product also continues to be built and sold in what is considered to be the strongest real estate market in the region's history. The Promontory Development is seeing a phenomenon where lots are being sold before the infrastructure is in place; 2005 lot sales prices ranged from \$325,000 to \$895,000. Vacant lots in the Colony sold in the range of \$1.3 - \$1.5 million. In the Canyons lower village, several high-end condominium projects saw construction starts in 2005 with strong pre-sales, to be completed in 2006. The first phase of a new development called The Preserve, near the successful Glenwild golf community, experienced 2005 vacant lot sales in the \$500,000 - \$900,000 range. All of these projects contribute to a sizable tax base of mixed primary and secondary residences.
- The commercial tax base continues to build in Snyderville Basin with commercial development activity in 2005 centered in Quarry Village at Pinebrook and the Newpark Town Center.
- General fund budgeted revenues for the year 2006 are estimated to increase from \$2,443,174 to \$2,483,725, an increase of \$40,551 (1.7%) over the prior year. General fund property tax revenues are budgeted to be \$1,626,290 in 2006 (compared to \$1,452,045 in 2005) as the District imposed its 2005 authorized Operation and Maintenance tax levy of .000597. Additionally, general fund revenue of \$361,570 is anticipated as the Basin Recreation Fieldhouse completes its second full year of operation in 2006. Although 2006 revenues are projected to increase, general fund expenses are budgeted to increase \$353,886 (16.5%) in 2006. Primary conditions causing this increase are operational and maintenance costs of the Basin Recreation Fieldhouse and the opening of Willow Creek Park (grand opening to occur in May 2006). Transfers to the Capital Fund in 2006 will be determined as a part of an amended budget at year-end

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Business Manager, Snyderville Basin Special Recreation District, P.O. Box 980127, Park City, Utah 84098.

BASIC FINANCIAL STATEMENTS

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT

STATEMENT OF NET ASSETS

DECEMBER 31, 2005

	<u>Governmental Activities</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 1,746,740
Accounts Receivable	<u>530,645</u>
TOTAL CURRENT ASSETS	<u>2,277,385</u>
NONCURRENT ASSETS	
Restricted Assets	
Cash and Cash Equivalents	2,961,856
Capital Assets	
Non Depreciable	6,907,955
Depreciable Assets (net of Depreciation)	<u>13,397,630</u>
TOTAL NONCURRENT ASSETS	<u>23,267,441</u>
TOTAL ASSETS	<u>25,544,826</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	36,304
Deferred Revenues	<u>6,131</u>
TOTAL CURRENT LIABILITIES	<u>42,435</u>
NONCURRENT LIABILITIES	
Due Within One Year	624,986
Due in more than One Year	<u>14,065,780</u>
TOTAL NONCURRENT LIABILITIES	<u>14,690,766</u>
TOTAL LIABILITIES	<u>14,733,201</u>
<u>NET ASSETS</u>	
Investment in Capital Assets, Net of Related Debt	5,145,585
Restricted for	
Capital Improvements	1,685,913
Debt Service	1,275,943
Unrestricted	<u>2,704,184</u>
TOTAL NET ASSETS	<u>\$ 10,811,625</u>

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for	Operating	Capital	
	Expenses	Services	Grants and Contributions	Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental Activities					
Administration	\$ 753,613	\$ 1,560	\$ 30,000	\$ -	\$ (722,053)
Parks	450,350	9,092	-	884,715	443,457
Trails	254,209	-	-	55,000	(199,209)
Recreation	2,903,551	582,115	-	359,860	(1,961,576)
Interest on Long-Term Debt	662,172	-	-	-	(662,172)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 5,023,895	\$ 592,767	\$ 30,000	\$ 1,299,575	(3,101,553)

General Revenues	
Property Taxes	3,402,736
Vehicle Taxes	192,356
Unrestricted Investment Earnings	129,582
Miscellaneous	9,219
Total General Revenues	3,733,893
Change in Net Assets	632,340
Prior Period Adjustment	(394)
Net Assets - Beginning	10,179,679
Net Assets - Ending	\$ 10,811,625

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	General	Debt Service	Impact Fees	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,746,740	\$ -	\$ -	\$ -	\$ 1,746,740
Property Taxes Receivable	391,863	138,782	-	-	530,645
Restricted Cash	-	1,275,943	1,004,692	681,221	2,961,856
TOTAL ASSETS	\$ 2,138,603	\$ 1,414,725	\$ 1,004,692	\$ 681,221	\$ 5,239,241
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 7,180	\$ -	\$ -	\$ -	\$ 7,180
Compensated Absences	19,985	-	-	-	19,985
Deferred Revenue	175,357	-	-	-	175,357
TOTAL LIABILITIES	202,522	-	-	-	202,522
FUND BALANCE					
Reserved					
Bond Requirements	-	1,414,725	-	31,118	1,445,843
Impact Fees	-	-	1,004,692	-	1,004,692
Unreserved	1,936,081	-	-	650,103	2,586,184
TOTAL FUND EQUITY	1,936,081	1,414,725	1,004,692	681,221	5,036,719
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,138,603	\$ 1,414,725	\$ 1,004,692	\$ 681,221	\$ 5,239,241

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005

TOTAL GOVERNMENTAL FUNDS BALANCES **\$ 5,036,719**

*Amounts reported for governmental activities in the statement of net assets
are different because*

**Capital assets used in governmental activities are not current financial
resources and, therefore, are not reported in the funds.** **20,305,585**

**Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds.** **169,226**

**Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the funds.** **(14,699,905)**

TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 10,811,625**

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Debt Service	Impact Fees	Capital Projects	Total Governmental Funds
REVENUES					
Taxes	\$ 2,002,941	\$ 1,666,018	\$ -	\$ -	\$ 3,668,959
County Grants	30,000	-	-	55,000	85,000
Recreation Fees	499,700	-	-	-	499,700
Rental Income	93,067	-	-	-	93,067
Interest	48,260	33,696	27,135	20,491	129,582
Miscellaneous	9,219	-	-	-	9,219
TOTAL REVENUES	2,683,187	1,699,714	27,135	75,491	4,485,527
EXPENDITURES					
Administration	746,733	-	-	-	746,733
Parks	243,130	-	-	-	243,130
Trails	163,464	-	-	-	163,464
Recreation	622,699	-	-	-	622,699
Debt Service					
Principal	-	695,000	-	-	695,000
Interest and Finance Charges	-	658,363	-	-	658,363
Capital Outlay	-	-	572,476	2,842,322	3,414,798
TOTAL EXPENDITURES	1,776,026	1,353,363	572,476	2,842,322	6,544,187
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	907,161	346,351	(545,341)	(2,766,831)	(2,058,660)
OTHER FINANCING SOURCES (USES)					
Impact Fees	-	-	884,715	-	884,715
Donation of Land	-	-	-	359,860	359,860
Transfers from Other Funds	-	-	-	500,000	500,000
Transfers to Other Funds	(500,000)	-	-	-	(500,000)
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	407,161	346,351	339,374	(1,906,971)	(814,085)
BEGINNING FUND BALANCE	1,529,314	1,068,374	665,318	2,588,192	5,851,198
BEGINNING FUND BALANCE	(394)	-	-	-	(394)
ENDING FUND BALANCE	\$ 1,936,081	\$ 1,414,725	\$ 1,004,692	\$ 681,221	\$ 5,036,719

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

**EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER
EXPENDITURES AND USES - TOTAL GOVERNMENTAL FUNDS** **\$ (814,085)**

*Amounts reported for governmental activities in the statement of activities
are different because*

Charged but unpaid property taxes will not be collected for several months after the District's year end. They are not considered to be available revenues in the governmental funds. Deferred property tax revenues decreased by this amount this year. **(73,867)**

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. **833,638**

Issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net difference in the treatment of long-term debt and related items. **667,147**

Some revenues and expenses reported in the statement of activities do not add to or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. **19,507**

CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS **\$ 632,340**

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>with Final</u> <u>Budget</u>
<u>REVENUES</u>				
Taxes	\$ 1,705,260	\$ 1,777,613	\$ 2,002,941	\$ 225,328
County Grants	25,000	30,000	30,000	-
Recreation Fees	410,800	507,353	499,700	(7,653)
Rental Income	30,400	89,713	93,067	3,354
Interest	17,687	30,000	48,260	18,260
Miscellaneous	11,000	8,495	9,219	724
TOTAL REVENUES	<u>2,200,147</u>	<u>2,443,174</u>	<u>2,683,187</u>	<u>240,013</u>
<u>EXPENDITURES</u>				
Administration	900,315	927,307	746,733	180,574
Parks	339,057	331,747	243,130	88,617
Trails	255,730	211,230	163,464	47,766
Recreation	754,910	672,778	622,699	50,079
TOTAL EXPENDITURES	<u>2,250,012</u>	<u>2,143,062</u>	<u>1,776,026</u>	<u>367,036</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(49,865)	300,112	907,161	607,049
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds	<u>(50,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	(99,865)	(199,888)	407,161	607,049
FUND BALANCE ALLOCATION	<u>99,865</u>	<u>199,888</u>	<u>-</u>	<u>(199,888)</u>
EXCESS (DEFICIT) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,161</u>	<u>\$ 407,161</u>

See the accompanying notes to the financial statements

**SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT,
A COMPONENT UNIT OF SUMMIT COUNTY, UTAH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Snyderville Basin Special Recreation District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of the District's accounting policies.

Reporting Entity

The Snyderville Basin Special Recreation District was established on July 1, 1986 by Summit County, Utah as a governmental service district under Title 11, Chapter 23 of the Utah Code Annotated, 1953, as amended. The District was established to provide recreation for the Snyderville Basin area of Summit County. Operations commenced on January 1, 1995.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units.

Government-wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities are supported by taxes, charges for services, contributions and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Interest and other items not properly included among program revenues are reported as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the District are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

NOTE 1 - (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Earned but unreimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources for the payment of principal, interest and related costs on certain general long-term debt paid primarily from taxes levied by the District. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

The *capital projects fund* is used to account for the acquisition or construction of major capital facilities of the District. Both the Impact Fee Fund and the Capital Projects Fund are capital projects funds.

Assets, Liabilities and Fund Equity

A. Cash and cash equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. The District's investment policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the District's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less, when purchased, meet this definition.

NOTE 1 - (CONTINUED)

B. Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net assets and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted.

C. Capital assets

Capital assets, which include land, buildings, parks, trails, vehicles and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at the date of the gift, if donated.

Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets, are charged to expense.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Classification</u>	<u>Range of Lives</u>
Buildings	10-40 years
Parks	8-40 years
Trails	15-30 years
Vehicles and Equipment	7-10 years

D. Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. Employees may carry 40 hours of vacation over to the next year. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary. Governmental funds report an expenditure as the vacation is paid or at termination. Accumulated sick leave is earned at a rate of one half day per month. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate up to 90 days of sick leave. Employees who retire are paid 100% of accumulated sick leave at retirement.

E. Long-term liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 - (CONTINUED)

F. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

G. Net assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Inter-Fund Transactions

During the course of normal operations, the District has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc.. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Deferred Revenue

Property taxes due and unpaid as of December 31, 2005 as well as prepaid recreation fees are shown as deferred revenue.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

NOTE 2 - (CONTINUED)

Capital Asset Differences

When capital assets (land and improvements) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net assets. The details of these differences are presented below:

Land	\$ 6,907,955
Buildings	7,186,669
Parks	4,139,910
Trails	3,603,890
Vehicles and Equipment	434,518
Less Accumulated Depreciation	<u>(1,967,357)</u>
Net Capital Asset Difference	<u>\$ 20,305,585</u>

Other Long-Term Differences

Property taxes charged but unpaid at year end are reported as deferred revenues in the governmental fund balance sheet. However, they are reported as current year revenues in the statement of net assets. The details of these differences are presented below:

Charged property taxes unpaid as of December 31, 2005	\$ <u>169,226</u>
--	-------------------

Long-Term Liability Differences

Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net assets. The details of these differences are presented below:

Deferred Bond Issue Costs	\$ 101,953
Deferred Amount on Refunding	408,662
Accrued Interest Payable	(29,124)
General Obligation Bonds Payable	(15,160,000)
Long-Term Compensated Absences	<u>(21,396)</u>
	<u>\$(14,699,905)</u>

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net assets in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

NOTE 2 - (CONTINUED)

Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Capital Outlay	\$ 1,463,739
Depreciation Expense	(544,516)
Loss on Disposition	(85,585)
Net Difference	<u>\$ 833,638</u>

Long-Term Debt Issuance and Repayment Differences

When long-term debt is issued it is reported as an other financing source. Repayments are reported as expenditures in the statement of revenues, expenditures and changes in fund balance. Issuance of debt is reported as long-term liability and repayments are reported as reductions to those liabilities in the statement of activities. The details of these differences are reported below:

Amortization of Issue Costs and Deferred Amount on Refunding	\$ (27,853)
General Obligation Bond Repayments	695,000
Net Difference	<u>\$ 667,147</u>

Other Revenue and Expense Differences

The changes in long-term compensated absences and in accrued interest payable are not reported in the statement of revenues, expenditures and changes in fund balance. Both changes are reported in the statement of activities. The details of these differences are reported below:

Change in Long-Term Compensated Absences	\$ (4,537)
Change in Accrued Interest Payable	24,044
Net Difference	<u>\$ 19,507</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgetary procedures for the District have been established by Utah State Statute in the Fiscal Procedures Act for Utah Counties, (the Act). The Act requires counties and special districts formed by counties to adopt annual budgets. The basis of accounting applied to each fund budget is the same basis as the related fund's financial statements. In accordance with State law, all appropriations lapse at the end of the budget year, accordingly, no encumbrances are recorded. At its option the District may permit its expenditure accounts to remain open for a period of 30 days after the close of its fiscal year for the payment of approved invoices for goods received or services rendered prior to the close of the fiscal year. The District prepares a budget for the general fund.

NOTE 3 - (CONTINUED)

Under Utah State law, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events. A public hearing must be held to increase the total appropriations the governmental fund.

Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the District in two to three installments in November, December and a final settlement in the first quarter of the calendar year. Taxes are levied and are due and payable on November 1st and are delinquent after November 30th of each year, at which time they become liens if not paid.

NOTE 4 - DEPOSITS AND INVESTMENTS

The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2005, \$43,819 of the District's bank balances of \$143,819 were uninsured and uncollateralized.

The District's carrying amount and the bank balance of the District's deposits at June 30, 2005 was \$143,819 and \$298,360 respectively.

Investments

The Money Management Act defines the types of securities allowed as appropriate temporary investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certain dealers or directly with issuers of the investment security.

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements or invested in securities representing direct obligations of or obligations guaranteed by the U.S. government, agencies of the U.S. government, any state within the territorial United States of America; or repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements; or certain other investments.

NOTE 4 - (CONTINUED)

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund (PTIF),

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses - net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2005, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U. S. Treasuries	\$ 138,779	\$ 32,603	\$ 105,446	\$ 186	\$ 544
State of Utah Public Treasurer's Investment Fund	<u>4,425,559</u>	<u>3,152,270</u>	<u>-</u>	<u>-</u>	<u>1,273,289</u>
Total	<u>\$ 4,564,338</u>	<u>\$ 3,184,873</u>	<u>\$ 105,446</u>	<u>\$ 186</u>	<u>\$ 1,273,833</u>

The deposits and investments described above are included on the statement of net assets as per the following reconciliation:

Deposits	\$ 143,819
Cash on Hand	439
Investments	<u>4,564,338</u>
Total	<u>\$ 4,708,596</u>

NOTE 5 - ACCOUNTS RECEIVABLE

Property taxes were levied on January 1 of 2005, and were due in November of 2005. The property taxes that have been remitted to the District within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue. All other items are considered to be measurable and available only when cash is received by the District.

Property taxes of \$523,794 were receivable at December 31, 2005. Of that amount \$354,568 was collected by Summit County and remitted to the District within 60 days of year end. The remaining balance of \$169,226 was charged but unpaid as of December 31, 2005. An additional \$6,851 was receivable for recreation fees at December 31, 2005.

NOTE 6 - CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended December 31, 2005.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital Assets not being Depreciated</u>				
Land	\$ 6,466,948	\$ 451,007	\$ 10,000	\$ 6,907,955
<u>Capital Assets being Depreciated</u>				
Buildings	7,187,385	23,042	23,758	7,186,669
Parks	3,567,434	572,476	-	4,139,910
Trails	3,278,347	380,151	54,608	3,603,890
Vehicles and Equipment	403,705	37,063	6,250	434,518
Less Accumulated Depreciation	<u>(1,431,872)</u>	<u>(544,516)</u>	<u>(9,031)</u>	<u>(1,967,357)</u>
Capital Assets, Net	<u>\$19,471,947</u>	<u>\$ 919,223</u>	<u>\$ 85,585</u>	<u>\$ 20,305,585</u>

Depreciation was charged to the functions/programs of the District as follows:

Administration	\$ 2,343
Parks	152,612
Trails	129,980
Recreation	<u>259,581</u>
Total Depreciation Expense	<u>\$ 544,516</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District at December 31, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds					
1996 Series	\$ 490,000	\$ -	\$ (240,000)	\$ 250,000	\$ 250,000
1997 Series	370,000	-	(115,000)	255,000	125,000
2002 Series	5,710,000	-	(285,000)	5,425,000	65,000
2004 Series	9,285,000	-	(55,000)	9,230,000	165,000
Deferred Bond Issue Costs	(107,515)	-	5,562	(101,953)	-
Deferred Amount on Refunding	(430,953)	-	22,291	(408,662)	-
Compensated Absences	<u>32,345</u>	<u>9,036</u>	<u>-</u>	<u>41,381</u>	<u>19,986</u>
	<u>\$ 15,348,877</u>	<u>\$ 9,036</u>	<u>\$ (667,147)</u>	<u>\$ 14,690,766</u>	<u>\$ 624,986</u>

NOTE 7 - (CONTINUED)

Long-term debt and obligations payable at December 31, 2005 were as follows:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
Bonds Payable				
General Obligation Bonds, Dated February 1, 1996, (original amount-- \$5,000,000)	4.50% to 5.50%	2015	\$ 250,000	\$ -
General Obligation Bonds, Dated October 15, 1997, (original amount-- \$2,500,000)	4.70% to 6.50%	2016	125,000	130,000
General Obligation Bonds, Dated January 15, 2002 (original amount-- \$6,500,000)	4.20% to 4.80%	2021	65,000	5,360,000
General Obligation Recreation and Refunding Bonds, Dated May 5, 2004 (original amount -- \$9,400,000)	2.00% to 5.00%	2023	165,000	9,065,000
Deferred Bond Issue Costs			-	(101,953)
Deferred Amount on Refunding			-	(408,662)
Compensated Absences			<u>19,986</u>	<u>21,395</u>
Total Long-term Debt			<u>\$ 624,986</u>	<u>\$ 14,065,780</u>

Principal and interest requirements to retire the District's long-term obligations are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 605,000	\$ 363,835
2007	630,000	346,785
2008	650,000	338,085
2009	670,000	320,685
2010	690,000	302,835
2011-2015	3,830,000	1,190,280
2016-2020	4,700,000	685,925
2021-2023	<u>3,385,000</u>	<u>275,090</u>
Totals	<u>\$ 15,160,000</u>	<u>\$ 3,823,520</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On December 31, 2005, \$4,410,000 of bonds outstanding are considered defeased.

NOTE 8 - PRIOR PERIOD ADJUSTMENT

The District recorded a prior period adjustment of \$394 for administrative expenses paid in 2005 which should have been recorded in 2004.

NOTE 9 - OPERATING TRANSFER RECONCILIATION

	<u>In</u>	<u>Out</u>
General Fund		\$ 500,000
Capital Projects Fund	\$ 500,000	

NOTE 10 - INTERLOCAL AGREEMENT WITH PARK CITY SCHOOL DISTRICT

The District leases 18.43 acres of land at Ecker Hill Middle School from the Park City School District (PCSD). The lease is for thirty years, with a twenty year option to renew at a cost of \$1 per year. The lease arrangements are set forth in an interlocal agreement between the two agencies, dated 1996. The interlocal agreement calls for the District to provide to PCSD a capital contribution of \$1,327,000 for field development, community pool enhancements and additional parking space. The District has provided all required capital contributions. Additionally, the district has constructed field support buildings on site, which include park equipment storage and restrooms valued at an additional \$596,731. The total capital contributions to PCSD as of December 31, 2003 amounted to \$1,923,731. These capital expenditures are shown as an asset of the PCSD and are not included in the District's financial statements.

The District and PCSD are in the process of broadening the 1996 Interlocal Agreement to memorialize joint use of other facilities through interlocal cooperation. In 2001, the District paid PCSD for the purpose of field improvements at Trailside Elementary School. The District will program the elementary school fields during after-school hours for Recreation District programs. PCSD also accommodates Recreation District gymnasium use for youth basketball programs and youth camps.

NOTE 11 - MEMORANDUM OF UNDERSTANDING WITH PARK CITY FOR RECREATION PROGRAMMING

The District has approved a final Memorandum of Understanding (MOU) with Park City. It was signed by the Park City Council on August 9, 2001 and amended on December 19, 2002. The MOU is a four year agreement that replaces the District's Cooperative Interlocal Agreement for the Implementation of Recreation Programming and Facility Operations and Maintenance with Park City, dated September 11, 1997. The MOU provides for a Basin/Park City Youth Sports Program with the intent to provide a recreational program experience that is integrated, yet flexible in order to accommodate the changing needs of the community.

Since the 4-year term of the August, 2001, MOU with Park City expired in 2005, the District and Park City have been in discussions to amend and broaden the content of the Memorandum to reflect increasing levels of cooperation between Park City and Basin Recreation programs. This document is expected to be finalized and adopted in 2006.

NOTE 12 - INTERLOCAL AGREEMENT WITH PARK CITY TO CONSTRUCT REGIONAL ICE FACILITY

The District and Park City Municipal Corporation (Parties) entered into an interlocal cooperative agreement (Agreement) to construct a regional ice facility in August, 2004. In the Agreement, the Parties recognized the value in combining financial resources to jointly construct, maintain, and operate the ice facility. The Parties also recognized the challenges of having multiple parties involved in the construction and operation of the facility. Given the nature of a larger proposed City-owned recreation complex, of which the ice rink is just one component, the Parties agreed that the City shall solely own the facility (to be located on City-owned land near the State Route 248/Highway 40 interchange at Quinns's Junction). Also, no title or interest in the City-owned real property upon which the Ice Facility will be located shall transfer or otherwise vest in the District as a result of the Agreement. Each Party agreed to fund \$2,000,000 toward the design, planning, construction and initial outfitting of the rink, and this payment by the District was made in March 2005. The District will budget for and contribute a minimum of \$50,000 per fiscal year toward operational costs of the facility in the first two years. It is also understood by the Parties that the District intends to generate contributions through RAP tax grant applications by the District. In the event that RAP tax proceeds exceed \$50,000 in the first two years of operation, the District will commit an additional 50% of any RAP receipts in excess of the \$50,000 minimum. In subsequent years, the District's contribution will not be more or less than \$50,000 per year even with fluctuations in the Ice Facility budget, unless the agreement is amended. It is also understood by the Parties that should RAP tax grants be unavailable to the District, then the District will contribute their minimum \$50,000 annual payment through other funding mechanisms. The first payment was made in December 2005. Future payments will be due not later than December 15 in subsequent years.

NOTE 13 - RISK MANAGEMENT

Snyderville Basin Special Recreation District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The District is a member of the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The District pays an annual premium to ULGT for its general insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

NOTE 14 - SUBSEQUENT EVENTS

Open Space Acquisition

On November 2, 2004 the District held a bond election submitting to the qualified electors of the District the question of the issuance of \$10 million general obligation bonds to finance costs of acquisition of recreational open space property, construction of trails and related improvements. The electors voted to approve issuance of the bonds to acquire open space. The Basin Open Space Advisory (BOSAC) continues to meet in regularly scheduled, publicly noticed meetings to consider potential property acquisitions. This group is tasked with making open space purchase recommendations to the Board of County Commissioners. Working with the District's financial advisor, the BOSAC committee has taken the position not to issue bonds until properties for acquisition have been assembled.

NOTE 14 - (CONTINUED)

Contributions to Regional Ice Facility

Substantial completion of the Park City Ice Arena occurred in February 2006 and the rink, operated by Park City, opened for business.

The 2005 budget adopted in December 2004 reflected a \$50,000 transfer to Park City Municipal Corporation. These funds are set aside annually, as described in Note 12, above. The anticipated outlay of funds by the District was reflected in the 2005 adopted budget as a fund transfer rather than an operations and maintenance fund expenditure. Although the District received a letter of substantial compliance from the State Auditor's Office, it was suggested that the \$50,000 outlay be shown as an operational expenditure rather than a transfer of funds. This direction has been implemented and the \$50,000 annual expenditure is now held in "Account 4999 – Ice Fund."

The District submitted a Recreation, Arts and Parks grant request in February 2006, for assistance with the operational subsidy and other rink improvements. This grant was funded in the amount of \$105,276. Summit County will distribute the grant monies to the Recreation District. Funds will be transferred from the District to Park City. This will necessitate a 2006 budget amendment in Operating and Maintenance revenue account 3191, and Administration expense account #4999. Due to the award of this grant, the District will realize a \$50,000 savings in budgeted expenditures.

Other Grants

The District was successful in several other 2006 RAP grant applications, as detailed below. RAP funds are to be expended within a period of 18 months.

Hi-Ute Kilby Road Trail project	\$39,308
Softball Bleacher Shade Shelters at Ecker Hill	\$25,000
Rail Trail Paving Improvements in partnership with Mountain Trails Foundation	\$74,555

The Hi-Ute Kilby Road Trail projects bid award is anticipated for June 2006, with construction to commence shortly, thereafter.

The Softball Bleach Shade Shelter improvements at Ecker Hill will be managed by the District's Parks Department but will become an asset of the Park City School District, per the Interlocal Agreement discussed in Note 10.

Rail Trail Paving Improvements have been set forth in a "Memorandum of Understanding (MOU) For Rail Trail RAP Grant Fund Management" between the District, Mountain Trails Foundation, and Summit County. The purpose of this MOU is to clarify the planning, design, bid process, project oversight and the request and release of funds to pave the .8-mile section of trail from the Rail Trail crossing at the county dump road east to the point where the Rail Trail and State Route 248 intersect, for which RAP grant funding was received. This project is not expected to be constructed until 2007.

Revisions to Impact Fee Ordinance

On April 19, 2006, the Summit County Board of County Commissioners enacted Ordinance No. 328A amending the District's rules and regulations which require the payment of recreation facilities impact fees in order to comply with an amended Capital Facilities Plan of the District. Since 1998, the fee has been assessed on only residential development for the purpose of community park system improvements. The new fee will apply to both residential and commercial development, and will add a trails component to the fee structure.

NOTE 14 - (CONTINUED)

Student Service Project

A student at the Treasure Mountain International Middle School successfully completed a 1996 community service project, which provides funding of a Sports Scholarship Program through Basin Recreation. Proceeds of the service project are anticipated to be in excess of \$50,000.

Escrow Held by Summit County

The remaining portion of an escrow account held by Summit County to provide for the guarantee and warranty of infrastructure improvements related to the Fieldhouse are anticipated to be released in 2006. In 2003, \$193,360 was transferred to Summit County; \$96,680 was repaid in 2004. The remainder, plus interest, is expected to be returned to the District at the end of the warrantee period in 2006.

STATE LEGAL COMPLIANCE REPORT

**GREG OGDEN, CPA
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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

May 9, 2006

**Board of Directors
Snyderville Basin Special Recreation District**

I have audited the accompanying financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah, as of and for the year ended December 31, 2005 and have issued my report thereon dated May 9, 2006. The District received no assistance from the State of Utah.

My audit included testwork on the District's compliance with those general compliance requirements identified in the State of Utah compliance Audit Guide, including:

**Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Special Districts
Other General Issues**

The management of the District is responsible for the District's compliance with all compliance requirements identified above. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In my opinion, the Snyderville Basin Special Recreation District, complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2005.


**Greg Ogden,
Certified Public Accountant**

GOVERNMENT AUDITING STANDARDS REPORT

**GREG OGDEN, CPA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

May 9, 2006

**Board of Directors
Snyderville Basin Special Recreation District**

I have audited the accompanying financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah as of and for the year ended December 31, 2005, and have issued my report thereon dated May 9, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Snyderville Basin Special Recreation District, a component unit of Summit County, Utah's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Snyderville Basin Special Recreation District, a component unit of Summit County, Utah's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, the management of Snyderville Basin Special Recreation District, others within the organization, and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.


Greg Ogden,
Certified Public Accountant